

ASSEMBLY BILL

No. 1044

Introduced by Assembly Member Jones

February 27, 2009

An act relating to continuing care retirement communities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1044, as introduced, Jones. Continuing care retirement communities.

Existing law generally regulates continuing care retirement communities, as defined.

This bill would state that it is the intent of the Legislature to transfer regulatory responsibility for continuing care retirement communities from the Department of Social Services to the Department of Insurance.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature hereby finds and declares the
- 2 following:
- 3 (a) California is home to nearly four million people over 65
- 4 years of age; the largest older adult population in the nation. This
- 5 number is expected to more than double over the next several
- 6 decades as the baby boomers begin reaching this milestone.
- 7 (b) Continuing care retirement communities are an alternative
- 8 for the long-term residential, social, and health care needs of
- 9 California's elderly residents and seek to provide a continuum of

1 care, minimize transfer trauma, and allow services to be provided
2 in an appropriately licensed setting.

3 (c) Because elderly residents often both expend a significant
4 portion of their savings in order to purchase care in a continuing
5 care retirement community and expect to receive care at their
6 continuing care retirement community for the rest of their lives,
7 tragic consequences can result if a continuing care provider
8 becomes insolvent or unable to provide responsible care.

9 (d) The Legislature has recognized the importance of continuing
10 care provider solvency and the need for disclosure concerning the
11 terms of agreements made between prospective residents and the
12 continuing care provider, and concerning the operations of the
13 continuing care retirement community.

14 (e) The Legislature defines continuing care contracts in terms
15 of a promise of the future provision of services which are analogous
16 to insurance products.

17 (f) Continuing care retirement communities have long-term
18 obligations and may have a corporate or capital structure similar
19 to insurance holding company systems, as defined in the Insurance
20 Code.

21 (g) Therefore, it is the intent of the Legislature to transfer
22 regulatory responsibility for continuing care retirement
23 communities from the Department of Social Services to the
24 Department of Insurance.